

Message Text

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ORIGIN TRSE-00

INFO OCT-01 NEA-10 ISO-00 EB-07 FRB-03 OMB-01 COME-00

CIAE-00 INR-07 NSAE-00 L-03 SEC-01 JUSE-00 FTC-01

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DRAFTED BY TREASURY:JGGLIN:DLS

APPROVED BY EB/IFD/OMA:RJRYAN

TREAS:OMEA:TWAHL

TREAS/OASIA:AECLAPP

TREAS/OTEFR:PTOSINI

EB/IFD/OMA:MMINNIES

NEA/IRN:CNAAS

FEDERAL RESERVE:DAHL (SUBS)

COMPTROLLER OF CURRENCY:SCHULER

EB/OSB:DBRAMANTE

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O 051726Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: CONSIDERATION BY BANK OMRAN OF 20 PERCENT

INTEREST IN FIRST NATIONAL BANK OF MILWAUKEE

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1. AS REQUESTED REFTTEL, BELOW ARE USG VIEWS ON POSSIBLE
BANK OMRAN INVESTMENT IN FIRST NATIONAL BANK OF
MILWAUKEE.

2. IN ADDITION TO CONFIRMING TO DR. RAM OUR GENERALLY NEUTRAL STANCE TOWARD FOREIGN INVESTMENT IN THE UNITED STATES, WHICH REFTEL INDICATES YOU HAVE ALREADY DONE, AND EXPRESSING OUR APPRECIATION FOR HIS PROVIDING INFORMAL DESCRIPTION OF POSSIBLE IRANIAN INVESTMENT IN U.S., YOU SHOULD MAKE FOLLOWING POINTS:

(A) THERE ARE NO ADDITIONAL FEDERAL RESTRICTIONS ON FOREIGN, AS OPPOSED TO DOMESTIC, INVESTORS BUYING SHARES IN U.S. BANKS.

(B) AS TO FOREIGN INVESTMENT IN U.S. BANKING, FEDERAL REGULATIONS DO REQUIRE THAT ALL DIRECTORS OF NATIONAL BANKS BE U.S. CITIZENS. THERE ARE NO SUCH RESTRICTIONS ON OFFICERS.

(C) UNDER THE BANK HOLDING COMPANY ACT, HOWEVER, PRIOR FEDERAL RESERVE BOARD APPROVAL IS REQUIRED IF A BANK OR CORPORATION IS TO ACQUIRE CONTROL OF A U.S. BANK. THIS PROVISION APPLIES REGARDLESS OF WHERE THE INVESTOR IS SITUATED, I.E., IS FOREIGN OR DOMESTIC. CONTROL IS PRESUMED IF THE INVESTOR ACQUIRES A 25 PERCENT INTEREST, BUT MAY BE FOUND TO EXIST AT LOWER LEVELS.

(D) IN VIEW OF THE AMBIGUITIES ON WHAT CONSTITUTES CONTROL, WE SUGGEST THAT THE FEDERAL RESERVE BANK OF CHICAGO OR THE FEDERAL RESERVE BOARD IN WASHINGTON BE INFORMED DIRECTLY OF THE INTENDED INVESTMENT.

3. REGARDING LINK MAKE IN PARA 2(C) OF REFTEL BETWEEN OBJECTIVES OF UPCOMING U.S.-IRAN FINANCIAL CONFERENCE AND U.S.-IRAN FINANCIAL TIES IN PRIVATE SECTOR, WE RECOMMEND YOU NOT PURSUE THIS POINT IN FURTHER DISCUSSIONS WITH DR. RAM. WHILE CLOSER TIES BETWEEN FINANCIAL INSTITUTIONS WOULD BE COMPATIBLE WITH AIMS OF U.S.-IRAN FINANCIAL CONFERENCE, IT IS INTENDED TO BE FORUM FOR EXCHANGE OF VIEWS BETWEEN FINANCIAL SECTORS OF TWO LIMITED OFFICIAL USE

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COUNTRIES IN ORDER TO HELP IRAN WORK OUT BEST APPROACH TOWARD DEVELOPMENT OF ITS CAPITAL MARKET AND FINANCIAL INSTITUTIONS.

4. WE WOULD APPRECIATE BEING KEPT INFORMED OF FURTHER DEVELOPMENTS. KISSINGER

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